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Attorneys for Official Committee of Unsecured Creditors

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:

**USA Commercial Mortgage Company
06-10725 – Lead Case**

**USA Capital Realty Advisors, LLC
06-10726**

**USA Capital Diversified Trust Deed
Fund, LLC
06-10728**

**USA Capital First Trust Deed Fund,
LLC
06-10728**

**USA Securities, LLC
06-10729**

Debtors.

Jointly Administered

Chapter 11 Cases

Judge Linda B. Riegle Presiding

**Response to Motion to Authorize Debtor
USA Commercial Mortgage Company as
Loan Servicer to Approve Loan
Modification for Palm Harbor One Loan,
to Provide the Previously Authorized
Subordination of the Marlton Square 2nd
Loan in Connection with the Payoff of the
Marlton Square 1st Loan, to Authorize a
Short-Term Forbearance for the Marlton
Square 1st Loan, and to Generally
Authorize Short-Term Loan Forbearances
and Full Releases and Reconveyances for
Loans Paid Off in Full [Affects Debtors
USA Capital First Trust Deed Fund, LLC]
(DE 1434)**

Date: October 30, 2006

Time: 9:30 a.m.

Affecting:

.. All Cases

or Only:

× USA Commercial Mortgage Company

.. USA Capital Realty Advisors, LLC

.. USA Capital Diversified Trust Deed Fund, LLC

× USA Capital First Trust Deed Fund, LLC

.. USA Securities, LLC



The Official Committee of Unsecured Creditors of USA Commercial Mortgage Company (the "Committee") questions why Debtor is not seeking to collect default interest in the payoff calculation below.

Debtor requests authority to forbear on the Marlton Square 1st Loan from its maturity on September 19, 2006 to November 19, 2006 (expressly reserving the right to claim default interest), if the loan is otherwise paid in full, as follows:

Principal	\$30,000,000.00
Interest Outstanding as of 9/30/06	\$2,367,423.06
Late Fee as of 9/30/06	\$85,748.54
Late Fee for October 2006	\$17,344.33
Late Fee for November 2006	\$18,116.77
Interest for October 2006	\$362,335.32
Interest for 11-1-06 through 11-5-06	\$177,286.19
Outstanding Origination Fee	\$225,000.00
Exit Fee	\$300,000.00
Estimated Payoff Amount	\$33,553,254.20

According to the Debtors' loan summary, this has been a non-performing loan, presumably for nonpayment of interest. Thus, the Borrower owes default interest from the date of default (the loan documents do not require a default notice). Even if the default premium were only 5%, this would be \$125,000 in default interest from the date of default. The USACM unsecured creditors benefit by collection of default interest; while presumably only the borrower benefits by waiving it. Why isn't there a default interest component in the payoff?

Dated October 24, 2006.

LEWIS AND ROCA LLP

By /s/ RC (#006593)

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